DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service
National Institutes of Health

Memorandum

Date September 29, 1988

From Chief, Computer Center, DCRT

Subject Thank you for the Total System Acquisition!

To Computer Center Staff

I am extremely pleased to inform you that yesterday, following three years of dedicated effort by many of you, the NIH signed a 10 year Total System Contract with the IBM Corporation.

The contract commits IBM to provide a Total System Computational capability for the replacement/upgrade and continual evolution of the central NIH Computer Utility for a period of 10 years. IBM will provide all hardware, software, maintenance, and support services necessary to meet present and future computational needs to support the conduct and management of modern biomedical research. Unique contract clauses ensure maximum flexibility for the continual evolution (e.g., modification, upgrading, replacement) of hardware and software components in response to changing technology and program requirements throughout the life of the contract. On-site hardware maintenance, system engineering and software support teams will ensure rapid response to system faults and assistance with the cost effective use and operation of the sytem. All of these facilities and services will be provided at a price not to exceed $805,658,208 over the life of the contract.

I offer my sincere personal thanks to every member of the Computer Center staff who contributed to the success of this acquisition either by working on the project directly or by maintaining services to our customers while others worked on it. The acquisition could not have been accomplished without this true teamwork, commitment, and dedication of every member of the Computer Center staff.

I look forward to a collaborative, mutually beneficial working relationship with the IBM Corporation for the next 10 years. Please join me in welcoming our old partners back as together we apply the power of modern computing to the problems of biomedical research and improving the health of the nation.

Thank you,

Joseph D. Naughton

Date

ROUTING AND TRANSMITTAL SLIP

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. SOURCE SELECTION BOARD		
2. TECHNICAL EVALUATION TEAM		
3. COST EVALUATION TEAM		
4.		
5.		

	Action		File		Note and Return
	Approval		For Clearance		Per Conversation
	As Requested		For Correction		Prepare Reply
	Circulate		For Your Information		See Me
	Comment		Investigate		Signature
	Coordination		Justify		

REMARKS

ALTHOUGH YOU HAVE PROBABLY ALREADY HEARD, I WOULD LIKE TO SHARE THE ATTACHED WITH YOU AND EXPRESS MY PERSONAL APPRECIATION TO YOU FOR YOUR HELP IN MAKING IT ALL POSSIBLE.

WE WILL HAVE A MORE PROPER CELEBRATION LATER.

THANKS,

JOSEPH D. NAUGHTON

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

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DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service
National Institutes of Health

31 AUG 1988

Memorandum

Date August 11, 1988

From Executive Secretary, Source Selection Board

Subject Meeting of the Source Selection Board

To Distribution List below

Attached for your review are the draft minutes from the June 13th meeting.

The next (and probably last) meeting of the Source Selection Board for the NIH Total Systems Recompetition will occur from 9-11 a.m. on Friday, August 26th in the conference room of building 12B at NIH. If you find that you are unable to attend, please call Lee Hyberg on 496-5381 at your earliest convenience.

Mark Haven

Mark Haven

cc:
Dr. William F. Raub
Mr. H. Grandier
Mr. E. Mahoney
Mr. J. V. Oberthaler
Dr. A. W. Pratt
Dr. J. V. Silverton
Mr. C. W. Taylor
Mr. T. J. Tychan
Mr. J. D. Naughton
Mr. S. M. Jones
Ms. S. J. Dalton
Mr. G. E. Kelley

DRAFT MINUTES

SOURCE SELECTION BOARD MEETING
June 13, 1988

Members Present:
Mr. William F. Raub (Chairperson)
Dr. Arnold W. Pratt
Mr. James V. Oberthaler
Dr. James V. Silverton
Mr. Edward Maloney
Mr. Terrence J. Tychan

Members Absent:
Mr. Cleve W. Taylor
Mr. Howard Grandier

Ex Officio Members Present:
Project Officer - Mr. Joseph D. Naughton
Contracting Officer - Mr. Sydney M. Jones
Contract Specialist - Ms. Sally Dalton
Executive Secretary - Mr. Mark F. Haven

Invited Guests:
Mr. Robert H. Brunelle
Chairman, Technical Evaluation Team
Mr. William L. Lawson,
Chairman, Cost Evaluation Team
Mr. Gary E. Kelley

The meeting was convened by Mr. Raub at 3:05 p.m. in the Building 12B conference room at the NIH. Group photographs were taken by an NIH photographer and business commenced at about 3:20.

The chronology of the procurement to date was summarized by Project Officer Joe Naughton. The acquisition schedule was lengthened at one time to accommodate comments from a potential offeror and an amendment to the RFP accommodating many of that vendors requests was issued. Despite that action the vendor did not submit a proposal and when bids closed only one responsible offeror emerged - IBM. IBM's thorough proposal met all the mandatory requirements, earned considerable subjective credit, passed the benchmarks, and the Cost Proposal was reviewed and approved by the auditors. The complexity and size of the proposal (cost and technical) caused further delays in the schedule but presuming negotiations to be satisfactory, and with the approval of the Source Selecting Official, it appears that award can be made before the end of September, which would bring us back to being on schedule.

The Chairman of the Technical Evaluation Team, Bob Brunelle, summarized the the teams report: The content of the proposal was largely what was expected but with innovation in several areas (e.g., in the area of system paging). IBM committed to keep the NIH at the forefront of new technology for the full 10 years of the contract. The benchmarks were run successfully on model 300E and 400E computers in a professional and skillful manner. Based on their performance the transition period will require four 300E's and two 600E's. Of the Optional Features specified in the RFP, all were offered and the earned a most reasonable score of 11,699 out of a possible 18,000 points. The Technical Evaluating Team (TET) found the

proposal to be fully responsive and met all the mandatories. Nonetheless it recommended negotiation of an accelerated Transition Plan. All determinations of the technical team were by consensus, which frequently required lengthy and sometimes heated discussions. Many more meetings and significantly more time was needed for the evaluation than originally anticipated.

Several questions were raised by members of the board:

1) Why two processors? Reply was that this can only be conjectured. The Vendor could have met the capacity requirement in a variety of ways but the RFP required two or more of any particular model processor. (The purpose for this requirement was to insure redundancy and fail-soft capability.)

2) After the initial 18 months, is the offeror committed to any specified number of processor types? Other than the no less than two or more than none requirement their commitment is only to capacity, not a particular mix of processors.

3) What is the difference between the 200 and the 300E? Number of processors, processor speed, and more functional capabilities.

4) The evaluation was very well done. I notice that around page 25 IBM is weak on connectivity to non-IBM equipment. Will this be addressed in negotiations? This concern was raised by two SSB members. It was agreed that the offeror would be asked to strengthen the commitment to connectivity during negotiations.

General Discussion:

It is important that standards be established upfront in negotiations, O.S.I. [Open Systems Interconnect] is needed as a commitment; it will soon be a F.I.P.S. standard. - The proposal looks good but appears to continue the same old problems. - There appears to be some confusion between management and operations, NIH needs to set the standards. - The proposal will handle that but it would be good if improvement could be gotten in negotiations. - Unsure what we could get in negotiations beyond statements of intent (e.g., "we'll do our best"). No one writes faultless code.

Would it be useful for DCRT to be first (i.e., a beta site in more endeavors)? - We don't want to have arrows in our chest or be pioneers. It is too essential that the system be kept up and running. But in some cases the risk is reasonable and commensurate with the rewards (e.g., early knowledge of system, opportunity to influence it's direction of development) and the NIH has done this in some instances in the past. - The contract must be set up so that the system is able to continually evolve.

O.S.I. is clearly the standard and is here to stay. TCP/IP (Transmission Control Protocol/ Internetwork Protocol) may be the way to get there. - O.S.I. is on the threshold of being a Federal standard. - This is the standard in Europe. - General consensus that commitment to interconnectivity and standards be pressed for in negotiations. Most connectivity

from IBM is for VM systems, but we are MVS. Since we aren't about to run two operating systems we need to press IBM for more commitment on this. NIH cannot take this on ourselves. - Let's add a line item for S.E.'s (Systems Engineers) for communications. - General consensus that IBM's feet be held to the fire for clarification on interconnect to non-IBM equipment.

The dollar figures on Optional Features (deducted for evaluation purposes from system life cost): Are the amounts set in the RFP actually what it would cost us to buy or make ourselves? - Yes, to the best of our ability to estimate.

Was there any relaxation of the benchmark requirements? - No.

Concern is expressed that source code was not offered, yet this has enabled NIH to accomplish many needed modifications, some of which IBM later adopted itself. - Source Code was a requirement in early drafts of the RFP but industry objected indicating that we would end up without any bids if it remained in place. As a result the source code requirement was dropped but points were offered for it in the evaluation if it was offered. It was recommended that the issue be addressed during negotiations.

The Chairman of the Cost Evaluation Team, Bill Lawson, summarized the teams report: Auditors conducted an independent cost audit. The entire team found the proposal to be extremely complex as each item had to be priced for 10 years and there were more than 24,000 items. Price comparison for the first 18 months shows that the bid is 68% less than GSA schedule prices, and 27% less than the current NIH contract. After month 18 the pricing becomes more difficult to evaluate because prices are given for "generic" capacities as specified in the RFP. To analyze this a Gartner Group projection of 17.5% for technological price performance improvement, combined with 5.2% for inflation was used to establish the governments estimate of good prices at $741 million for systems life cost. The evaluated proposed system life price was only $488 million. Based on a painstaking and detailed analysis the Cost Team concluded that the proposal offered firm and fixed prices which are fair and reasonable (to the government) for the life of the contract.

A question was raised on behalf of one of the board members not present: Since there was only one bidder, has this become a sole source? If so, are there any additional contractual matters? (Response by Sid Jones, Contracting Officer and Terry Tychan, SSB member and DHHS Competition Advocate): No, the procurement was conducted under fully competitive procedures and should continue under competitive procedures regardless of the number of responsive offerors.

There was complete agreement for negotiations to be entered into with IBM, and the next meeting was tentatively scheduled for August 12th.

NOTE: Subsequent to the meeting, the next (final) meeting of the Source Selection Board was rescheduled for Friday, August 25, 1988 at 9 a.m.